

Winston Hickox

Chair, Cal EPA Market Advisory Committee

Lawrence H. Goulder

Vice Chair, Cal EPA Market Advisory Committee

Re: Comments for Market Advisory Committee on the Occasion of its
First Public Meeting

28 February 2007

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USA

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Dear Mr. Hickox, Professor Goulder, and Committee members,

My name is Molly Aeck and I am writing on behalf EcoSecurities. The following are the remarks I intended to deliver at the first public meeting of the Cal EPA Market Advisory Committee.

EcoSecurities is a leading organization in the business of sourcing, developing, and trading carbon credits worldwide under the project mechanisms established in the Kyoto Protocol. Founded in 1997, we were the first company to get a project registered under Kyoto's Clean Development Mechanism – a landfill gas capture project in Brazil - the first company to have emission credits formally issued in the Kyoto system – a run of river hydro project in Honduras - and the first company to get a project registered in China – a landfill in Nanjing. These are just a few of many “firsts” we are proud to claim.

Our current portfolio of projects represents some 160M tons of reductions over the Kyoto period through 2012. Our project portfolio is reducing emissions via projects using more than 20 technologies spread across more than 30 countries. The market has rewarded our efforts – we successfully completed an IPO on the London Stock Exchange more than a year ago. In that market, we are a leader in an emerging sector where public traded companies already have collective market capitalization of several billion dollars.

We believe that project based offsets are not only good business, but good public policy. Emissions implicated in climate change emanate from a endless range of activities that are crucial to our industrial society. Establishing well-regulated mechanisms to incentivize entrepreneurs to develop emission reduction projects provides a framework to create and implement technologies across the broadest sweep of the state, national and global economy. It also provides cost effective compliance for buyers of the resultant credits. For California, a technology leader and export powerhouse with a challenging GHG emissions profile, these are both short term and long term positive outcomes.

Our experience in international emissions trading confirms that innovation flourishes in these kinds of positive frameworks. The 350 projects in our growing portfolio include small scale animal waste projects in the Philippines, fertilizer projects in China, smelter efficiencies in South

Africa, run of river hydro projects in Central America, and oil gas improvements in the Middle East. California firms can supply technology, expertise, capital and development services to all of these activities– if they are presented with a positive framework in their home market. Moreover, these projects support sustainable development in emerging markets.

With this international emissions trading experience under our belt, we are thrilled to shift gears to the US by adding our voice and experience to discussions around a market-based compliance program. We do not believe that markets are the answer for all greenhouse gas issues. It is vital that markets are understood to be a mechanism to facilitate compliance based regulation, not a substitute for regulation. Designing this market will be a challenge, but the experience gained in other programs in the US, Europe and Kyoto can inform the process and accelerate California's progress towards an efficient, equitable and transparent system that rewards innovation.

We congratulate Secretary Adams for forming a committee of such respected experts congratulations to the state of California for its overall leadership in bringing the US back towards internal respectability in the greenhouse gas issue. EcoSecurities is eager to share our expertise and consult with the MAC whenever possible.

Best regards,

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